



IRAQ

How Islamic State uses wheat to tighten its grip in Iraq

Islamic State sees itself as both army and government. That shapes its policies on everything from oil to wheat.

BY MAGGIE FICK

IRAQ WHEAT WARFARE

HARVESTED: A farmer loads wheat grains onto a truck near the town of Makhmur, south of Arbil in Iraqi Kurdistan, in August 2014.

REUTERS/ YOUSSEF BOUDLAL

On cover: Villagers gather wheat southwest of Falluja in 2008. **REUTERS/ MOHANNED FAISAL**



SHEKHAN, IRAQ, SEPTEMBER 30, 2014

For Salah Paulis, it came down to a choice between his faith and his crop.

A wheat farmer from outside Mosul, Paulis and his family fled the militant group Islamic State early last month. The group overran the family farm as part of its offensive that captured vast swathes of territory in northern Iraq. Two weeks later, Paulis, who is a Christian, received a phone call from a man who said he was an Islamic State fighter.

"We are in your warehouse. Why are you not here working and taking care of your business?" the man asked in formal Arabic. "Come back and we will guarantee your

safety. But you must convert and pay \$500."

When Paulis refused, the man spelled out the penalty. "We are taking your wheat," he said. "Just to let you know we are not stealing it because we gave you a choice."

Other fleeing farmers recount similar stories, and point to a little-discussed element of the threat Islamic State poses to Iraq and the region.

The group now controls a large chunk of Iraq's wheat supplies. The United Nations estimates land under IS control accounts for as much as 40 percent of Iraq's annual production of wheat, one of the country's most important food staples alongside barley and rice. The militants seem intent not just on grabbing more land but also on managing resources and governing in their

self-proclaimed caliphate.

Wheat is one tool at their disposal. The group has begun using the grain to fill its pockets, to deprive opponents – especially members of the Christian and Yazidi minorities – of vital food supplies, and to win over fellow Sunni Muslims as it tightens its grip on captured territory. In Iraq's northern breadbasket, much as it did in neighbouring Syria, IS has kept state employees and wheat silo operators in place to help run its empire.

Such tactics are one reason IS poses a more complex threat than al Qaeda, the Islamist group from which it grew. For most of its existence, al Qaeda has focused on hit-and-run attacks and suicide bombings. But Islamic State sees itself as both

army and government.

“Wheat is a strategic good. They are doing as much as they can with it,” said Ali Bind Dian, head of a farmers’ union in Makhmur, a town near IS-held territory between Arbil and Mosul.

“Definitely they want to show off and pretend they are a government.”

The Sunni militants and their allies now occupy more than a third of Iraq and a similar chunk of neighbouring Syria. The group generates income not just from wheat but also from “taxes” on business owners, looting, ransoming kidnapped Westerners and, most especially, the sale of oil to local traders. Oil brings in millions of dollars every month, according to estimates by Luay Al-Khatteeb, a visiting fellow at the Brookings Doha Center in Qatar. That helps finance IS military operations – and is why IS-held oilfields in Syria are targets in U.S.-led airstrikes.

“Islamic State presents itself as exactly that, a state, and in order to be able to sustain that image and that presentation, which is critical for continued recruitment and legitimacy, it depends on a sustainable source of income,” said Charles Lister, another visiting fellow at the Brookings Doha Center.

SEIZING CROPS AND LIVESTOCK

In early August, Kurdish farmer Saeed Mustafa Hussein watched through binoculars as armed IS militants shovelled wheat onto four trucks, then drove off in the direction of Arab villages. Hussein said he does not know what became of his wheat. But he knows that IS runs flour mills in areas it controls and he believes that his wheat was likely milled and sold.

He had 54 tonnes of wheat on his farm in the village of Pungina, northeast of Arbil, wheat he had been unable to sell to a government silo or private traders because of fighting in the area.

The militants also took 200 chickens and 36 prized pigeons.



ON GUARD: Islamic State fighters at a checkpoint in Mosul in June soon after they seized Iraq’s second biggest city. **REUTERS/STRINGER**

40%

Estimate of Iraq’s wheat production on land now controlled by Islamic State

Source: United Nations

“What made it worse was that I was helpless to prevent this, I couldn’t do anything. They took two generators from the village that we had recently received from the Kurdish government after a very long process,” said Hussein.

Residents are too scared to return even though Kurdish fighters are now in control. “We think the Islamic State laid mines to keep us from going back,” said neighbour Abdullah Namiq Mahmoud.

There are scores of similar stories at displacement camps across Kurdistan.

“We escaped with our money and gold but left our wheat and furniture and everything else,” said farmer and primary school teacher Younis Saidullah, 62, a member of the tiny Kakaiya minority.

“Everything we built for 20 years using my salary and our farming: It’s all gone. We are back to zero,” he said, sitting on the floor of a tent at a United Nations-run camp on the outskirts of Arbil.

MILITARY AND ECONOMIC POWER

After Saddam Hussein’s 1990 invasion of Kuwait triggered Western sanctions, the then-Iraqi dictator built a comprehensive subsidised food distribution system in Iraq. That was expanded under the United Nations’ Oil-for-Food programme. Joy Gordon, a political philosophy professor at Fairfield University in Connecticut and author of the 2010 book “Invisible War: The United States and the Iraq Sanctions,” estimates that two-thirds of Iraqis “were

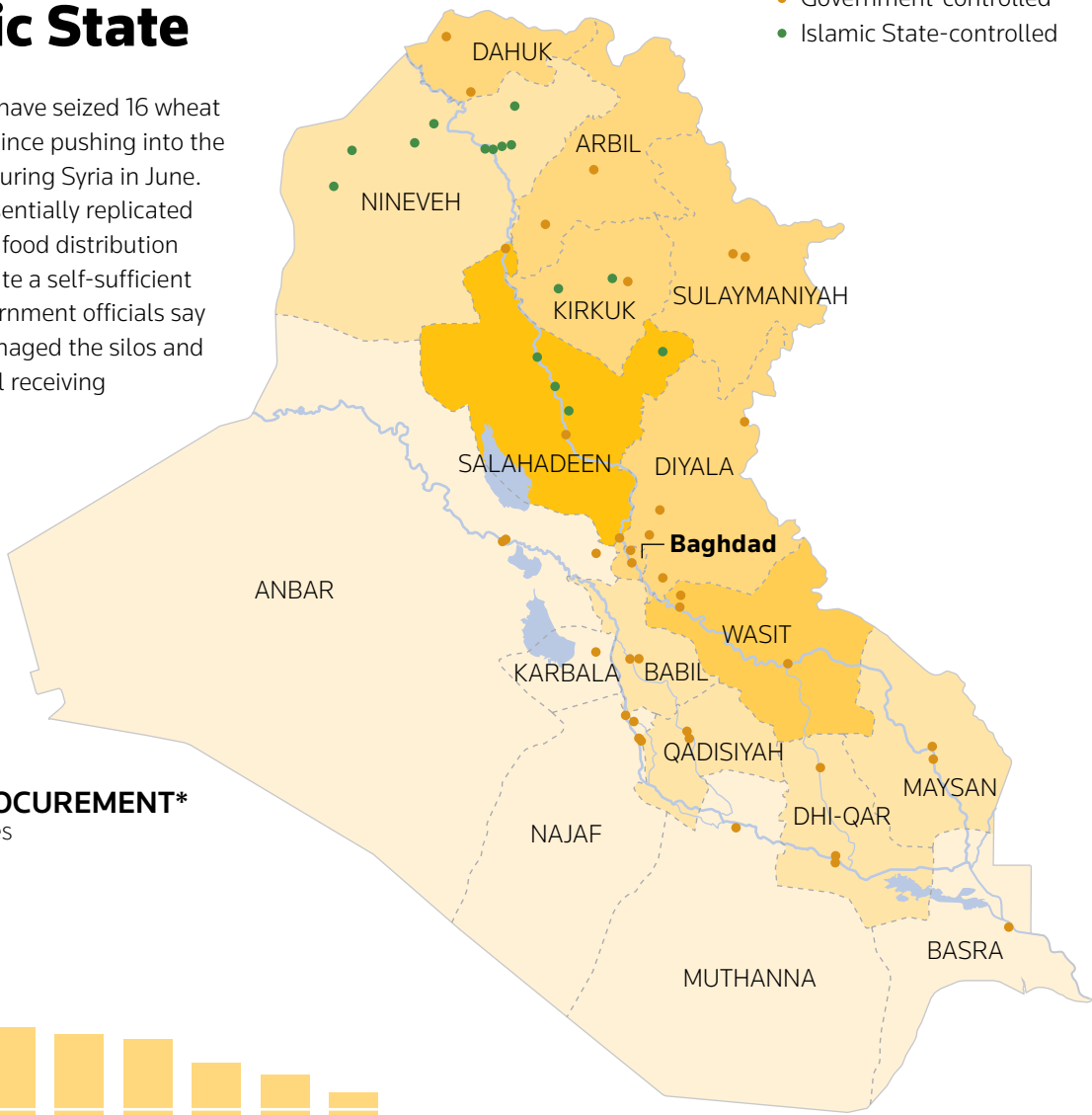
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Iraq wheat silos held by Islamic State

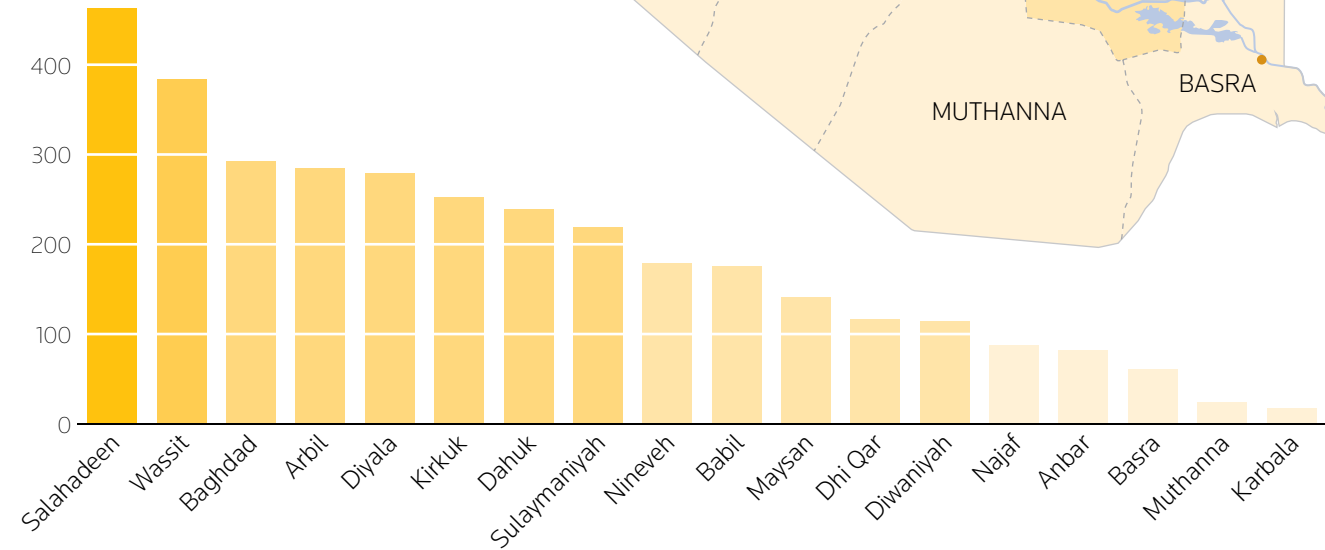
Islamic State fighters have seized 16 wheat silos in northern Iraq since pushing into the territory from neighbouring Syria in June. The militants have essentially replicated Baghdad’s subsidised food distribution system in a bid to create a self-sufficient “caliphate”. Iraqi government officials say the group has not damaged the silos and the employees are still receiving government salaries.

GRAIN SILOS

- Government-controlled
- Islamic State-controlled



2014 WHEAT PROCUREMENT*
in thousands of tonnes



* As of August 17, 2014.
Sources: Iraq Grain Board, Iraq Ministry of Agriculture, U.S. State Department and U.N. World Food Programme

dependent primarily or entirely” on food subsidies between 1990 and 2003.

The system survived the U.S. invasion and years of violence. Now fully run by the Iraqi government, it has been plagued in recent years by “irregular (food) distributions” that have cut dependency, according to a June report by the United Nations’ Food and Agriculture Organisation. A former U.S. Department of Agriculture economist estimates that about quarter of Iraqis living in rural areas were dependent on subsidised food before the latest violence, while another quarter used it to top up food they bought.

IS is demonstrating that controlling wheat brings power. As its fighters swept through Iraq’s north in June, they seized control of silos and grain stockpiles. The offensive coincided with the wheat and barley harvests and, crucially, the delivery of crops to government silos and private traders.

IS now controls all nine silos in Nineveh Province, which spans the Tigris river, along with seven other silos in other provinces. In the three months since overrunning Nineveh’s provincial capital Mosul, IS fighters have forced out hundreds of thousands of ethnic and religious minorities and seized hundreds of thousands of tonnes of wheat from abandoned fields.

A SILO UNDER ATTACK

One target was the wheat silo in Makhmur, a town between the cities of Mosul and Kirkuk. The silo has a capacity of 250,000 tonnes, or approximately 8 percent of Iraq’s domestic annual production in 2013.

IS attacked Makhmur on August 7. But even in the weeks before that, the group had found a way into the silo and the Iraqi state procurement system.

Abdel Rizza Qadr Ahmed, head of the silo, believes that IS forced local farmers to mix wheat produced in other, IS-controlled areas into their own harvest. The farmers then sold it to Makhmur as if it all had been grown locally. In the weeks before the



STAPLE: A Yazidi woman makes bread at Bajed Kadal refugee camp in August.

REUTERS/YOUSSEF BOUDLAL

“The place where displacement has happened is the main granary of the country.

Mohamed Diab

Director of World Food Programme’s Regional Bureau

attack, the silo purchased almost 14,000 more tonnes than it had in 2013. That extra wheat is worth approximately \$9.5 million at the artificially high price Baghdad pays farmers.

Ahmed believes IS was looking to make money from the wheat and ensure there was bread available for Sunnis in the areas it controlled.

Ahmed said it was not his job to investigate the source of the grain, just to buy it. “We just take the wheat from the farmers and we don’t ask ‘Where did you get this from?’” he said.

Huner Baba, local director general of agriculture, said he too believed that traders and farmers had sold wheat from outside the region.

But Baghdad usually pays its wheat farmers around two months after they deposit their produce and so wheat farmers around Makhmur – and therefore IS – had not yet been paid by the time IS militants entered the town on June 7 and, according to Baba, headed for the silo.

The militants were met by Iraqi Kurdish fighters, known as Peshmerga, and fighters from the Kurdistan Worker’s Party (PKK). After IS took the silo, Baba said, they installed snipers there. He speculates that the militants believed U.S. warplanes would not strike the facility, which is in the centre of town.

“They want to get people on their side especially the Arabs. Maybe that’s why they didn’t do anything to the wheat, not to anger people,” he said.

IS held Makhmur for three days before the Kurdish fighters and U.S. air strikes on IS positions – though not on the silo – drove them out. U.S.-led air strikes did hit grain silos in the northern Syrian town of Manbij on Sept 28. A group monitoring

the war said the aircraft may have mistaken the mills and grain silos for an Islamic State base. There was no immediate comment from Washington.

SMOOTH TRANSITION

In many ways, IS is replicating in Iraq strategies it developed in Syria. In the year it has controlled the town of Raqqa in north-eastern Syria, for instance, IS militants say they have allowed former employees from Assad's regime to continue to run its mills. The group has set up a wheat "diwan," or bureau, in charge of the supply chain, from harvesting the crop to distributing flour.

The same push to keep things running smoothly can be seen in Iraq. IS fighters have regularly avoided destroying government installations they have captured. When IS took over Iraq's largest dam it kept employees in place and even brought in engineers from Mosul to make repairs.

Baghdad, too, has tried to minimise upheaval.

Hassan Ibrahim, head of Iraq's Grain Board, the Trade Ministry body responsible for procuring Iraq's wheat internationally and from local farmers, said that government employees in IS-held areas keep in regular touch with head office. Some staff in IS areas even come to Baghdad every couple of weeks, he said.

In the past few weeks, he said, IS fighters had disappeared from some areas in Mosul and Kirkuk because of the U.S.-led air strikes. "The situation is stable," he said, with IS fighters mostly happy to allow state employees to continue to run the silos.

"I give instructions to my people to try to be quiet and smooth with those people because they are very violent people. It is not good to be violent with violent people because they will come to kill you. Our aim is to keep the wheat."

After IS's June offensive, Ibrahim was ordered to suspend salaries for workers in IS areas. "But this troubled me," he said. "I cannot have the mills stopping. I need

people to stay there like guards to convince the Islamic State that wheat is important for everybody."

Ibrahim says he convinced his bosses to keep paying salaries. A Trade Ministry spokesman confirmed that all government employees in Mosul had been paid their salaries "through state banks in Kirkuk, as it's safer and under government control."

Ibrahim is now worried about farmers who have not been paid for the wheat they delivered in the weeks before the grain was seized by IS.

He said the Grain Board and the Trade Ministry were trying to pay farmers either living in IS-held areas or recently displaced from them. "We would like to help the farmers, but not IS," he said.

100,000

Farmers normally sow wheat in Nineveh province. It is not clear how many of them remain.

Source: Iraqi agriculture ministry official

WINNING HEARTS AND STOMACHS

In some places, the IS stranglehold on wheat appears to be winning support among Sunnis.

Ahsan Moheree, chairman of the government-affiliated Arab Farmers Union in Hawija, says IS has gained in popularity since its fighters took over. Baghdad's dismissive attitude towards the country's Sunni Arabs had forced people towards IS, he said. But IS's ability to provide food had also helped.

"They distribute flour to the Arabs in the area. They get the wheat from the Hawija silo ... And they run the mill and they distribute to people in a very organised way," he said.

Even those who have fled IS see wheat

as one reason for the group's strength.

"Nowadays a kilo of wheat is 4,000 or 5,000 dinars (\$3.45 - \$4.30). It used to be 10,000 to 11,000 dinars," said Joumana Zewar, 54, a farmer who now lives in Baharka camp outside Arbil. IS and Sunni Arabs are selling the wheat they stole "for very cheap. It's cheap because they stole it."

Zewar called a friend in Mosul to check on the latest prices.

"The price of foods and bread is very cheap," the friend said. Islamic State had taken control, and as in Syria, was dictating prices. "They are the government here now. They are going to the bakeries and saying, 'Sell at this price.'"

THE YEAR AHEAD

The big worry now is next season's crop. In Nineveh province, home to the capital of the group's self-declared caliphate, 750,000 hectares (1.8 million acres) should soon be sown with wheat and 835,000 hectares with barley, an Iraqi agriculture ministry official said.

The official said that the province normally has 100,000 farmers. But thousands have fled.

Iraqi farmers normally get next season's seeds from their current harvest, keeping back some of the wheat for that purpose. IS controls enough wheat so finding seeds should not be a problem. It also controls Ministry of Agriculture offices in Mosul and Tikrit which should have fertiliser supplies.

But getting the seeds and fertiliser into the right hands will be a problem. Mohamed Diab, director of the World Food Programme's Regional Bureau for the Middle East, North Africa, Central Asia and Eastern Europe, said that it is "highly unlikely" that displaced farmers would return.

"The picture is bleak regarding agriculture production next year," he said. "The place where displacement has happened is the main granary of the country."

That's especially true for non-Sunni



FORCED MOVEMENT Displaced Yazidis flee forces loyal to the Islamic State in Sinjar town in August. **REUTERS/RODI SAID.**

Arab farmers. Those who have remained on their land just outside IS-held territory fear the militants will soon take their villages, and their harvested but unsold crops.

Even if that does not happen, they say, they will not plant after the first rain, which typically comes at the end of September or in early October.

Farmers in the town of Shekhan, nestled among sun-bleached wheat fields, say they have no hope of getting the seeds, fertiliser and fuel needed to plant because the provincial government in Mosul is under IS control.

“The real problem is how to get seeds to those inside Mosul and surrounding areas,” said Nineveh Governor Atheel Nujaifi, who believes production will drop next season.

Bashar Jamo, head of a local farmers’ cooperative, is also worried. “The most important thing to us is agriculture, not security. Maybe (IS) will have a state, maybe an army, but all we need is to be able to farm.”

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